

Supreme Court Defers to the Patent Office on Institution and Management of Post-Grant Proceedings

Written by Barbara A. Fiacco, Donald R. Ware, Sarah S. Burg

June 21, 2016

In *Cuozzo Speed Technologies, LLC v. Lee*, the Supreme Court handed a victory to the Patent Office, affirming its broad discretion in the institution and management of post-issuance proceedings created by the Leahy-Smith America Invents Act (“AIA”). The Court held that (i) 35 U.S.C. § 314(d) bars challenges to the Patent Office’s initial decision to institute IPR proceedings, and (ii) the Patent Office’s rulemaking authority under the AIA allowed it to issue regulations specifying that in assessing the validity of issued patents, claims should be given their broadest reasonable interpretation (“BRI”).

The case concerned Cuozzo’s patent covering a speedometer that tells a driver when he or she is driving above the speed limit. In 2012, Garmin petitioned for inter partes review of all twenty claims of Cuozzo’s patent. The Board granted the petition as to claim 17 on that ground it is obvious in light of three prior art patents, and also instituted on claims 10 and 14 from which claim 17 depends, stating that Garmin had “implicitly” challenged those claims on the same ground. The Board then construed the claims broadly under the BRI standard, and concluded that all three claims should be cancelled in light of the prior art cited by Garmin.

Cuozzo challenged the result on two grounds. It argued first that the Patent Office had improperly decided to institute IPR proceedings because Garmin had only “implicitly” challenged claims 10 and 14, while the AIA states that petitions must set forth the grounds for challenge “with particularity.” 35 U.S.C. § 312(a)(3). Cuozzo also argued that the Board improperly construed the claims by giving them their broadest reasonable interpretation under the Patent Office regulation, 37 C.F.R. § 42.100(b), rather than applying the plain and ordinary meaning standard that federal district courts use to assess a patent’s validity. The Federal Circuit rejected both arguments in a 2-1 decision, and Cuozzo’s petition for rehearing *en banc* was denied 6-5.

In its decision affirming the Federal Circuit, the Court first addressed Cuozzo’s challenge to the decision to institute. The Court analyzed § 314(d), which states, “No Appeal.—The determination by the Director [of the Patent Office] whether to institute an inter partes review under this section shall be *final and nonappealable*.” (emphasis added). The Court held that this language barred Cuozzo’s challenge. The Court left open the possibility that “[§ 314(d)] may not bar consideration of a constitutional question, for example” but stated that it “does bar judicial review of the kind of mine-run claim at issue here, involving the Patent Office’s decision to institute inter partes review.”

The Court also affirmed the Patent Office’s use of its BRI regulation to construe patent claims in IPRs. The use of BRI had come under fire from practitioners and participants because of the potential for inconsistent results between district court and post-grant proceedings, since use of the BRI standard could allow the Patent Office to invalidate issued claims that would be upheld as valid in federal court. The Court recognized the possibility of inconsistent results, but viewed it as “inherent to Congress’ regulatory design.” As to the argument that Congress had intended to create post-grant proceedings in order to provide a more efficient and less expensive adjudicatory alternative to litigation, the Court was unpersuaded. The Court reasoned that although IPRs have some court-like aspects, in other ways “inter partes review is less like a judicial proceeding and more like a specialized agency proceeding.” The Court viewed IPRs as more akin to another form of reexamination—a “second look” by the agency—than a judicial adjudicatory proceeding. More generally, in interpreting the AIA, the Court gave greater weight to the goal of facilitating patent challenges and limiting patent monopolies than to the goals of uniformity and consistency in adjudicating patent validity.

In sum, the *Cuozzo* Court concluded that when it enacted the AIA, Congress delegated to the Patent Office sufficient rulemaking authority to encompass the Patent Office standard for claim construction, and that its BRI regulation was a reasonable exercise of the Patent Office’s rulemaking authority.

The *Cuozzo* decision cements the Patent Office's authority to govern post-grant proceedings under the AIA. With respect to potential appeals of institution decisions, the Court did leave the door open for possible appeals raising issues of due process. As to the BRI standard, the Patent Office and the Federal Circuit themselves have opened a door to a narrower claim interpretation in IPRs by emphasizing the need for *reasonableness* in "broadest reasonable interpretation" determinations. To push back on a challenger's broad interpretation of claim terms when there is neither express definition of the term nor clear disavowal of claim scope, patent owners would be well advised to ground their proposed constructions in the specification. They should cite to specific passages describing the invention, explain the purpose of the invention and its advance over the prior art, and cite prosecution history consistent with their proposed construction.

We can expect that, despite *Cuozzo*'s holding, the Patent Office and the Federal Circuit will continue to hone the meaning of "broadest reasonable interpretation," while stakeholders renew their efforts to persuade Congress to harmonize the Patent Office's claim construction rule with that of the federal district courts.

*The authors filed an amicus brief on behalf of a group of large companies urging the Court to reject the use of BRI in post-grant proceedings.

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